

DOG-12-2008
Barker 1-7H

McDivitt, Herschel

From: Karen Anspaugh [kja@anspaughlaw.com]
Sent: Tuesday, July 15, 2008 10:43 PM
To: McDivitt, Herschel
Cc: Nemecek, Mona
Subject: Barker 1-7 H Petition for Exception
Attachments: Barker 1-7 Petition.doc; Barker 1-7 Exhibit A Scedule of Leaseholds.xls; Barker 1-7 Exhibit B.doc; Barker 1-7 Exhibit C.doc

RE: Noble Energy, Inc.
Barker 1-7H drilling unit

Herschel,

Please find attached a Petition for Exception to General Unit Size and Well Spacing Requirements pertaining to the Barker 1-7 drilling unit.

Hard copy to be sent tomorrow.

Karen J. Anspaugh

7/16/2008

D06-12-2008
Barker 1-7H

STATE OF INDIANA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS

IN RE: PETITION OF NOBLE ENERGY, INC., FOR AN EXCEPTION TO 312 IAC 16-5-1, THE GENERAL OIL AND GAS WELL SPACING RULES AND 312 IAC 16-5-2, THE GENERAL OIL AND GAS DRILLING UNIT SIZE RULES

PETITION

COMES NOW the Petitioner, Noble Energy, Inc., on behalf of itself and the owners of the leasehold interests set out herein, by attorney Karen J. Anspaugh, and respectfully shows the Commission of the Department of Natural Resources of the State of Indiana the following:

1. Petitioner owns or is the duly authorized representative of various interests, including working interests and royalty interests, in the oil and gas leaseholds covering all of the land known as the Barker 1-7H Drilling Unit, described as follow (hereinafter referred to as "Affected Area"):
 - o Section 7, Township 6 North, Range 9 West, Sullivan County, Indiana, containing 454.76 acres, more or less.

Attached hereto and incorporated herein are Exhibit "A," being a list of said leasehold interests, Exhibit "B," being a map of the Affected Area, and Exhibit "C," being a depiction of the well configuration.

2. As allowed by 312 IAC 16-5-3, Petitioner herein seeks an exception to 312 IAC 16-5-1, the General Oil and Gas Well Spacing Rules, and 312 IAC 16-5-2, the General Oil and Gas Drilling Unit Size Rules. The variances requested are within the scope of 312 IAC 16-5-3, which does not prescribe minimum distances allowed between wells or maximum acreage allowed in a drilling unit. Said variances are for the following described purposes:
 - a) To eliminate spacing restrictions applicable to the horizontal wells, except that the location where the well bore enters the New Albany Shale and all portions of the lateral located within said formation shall be drilled more than three hundred and thirty (330) feet from any unconsolidated property boundary;
 - b) To establish a drilling unit containing 454.76 acres, more or less, for horizontal drilling in the New Albany Shale Formation in the Affected Area. Section 7, Township 6 North, Range 9 West is a narrow correction Section as established by the rectangular surveying system of the State of Indiana. The Barker 1-75H Drilling Unit shall be comprised of said Section 7, containing 454.76 acres, more or less.

3. Petitioner herein respectfully submits to the Commission that said exceptions are supported by regional and geological characteristics and would allow the most efficient and economic recovery of natural gas:
 - a) Application of the Non-Rule Policy, published in Department of Natural Resources Information Bulletin #58, would establish a drilling unit comprised of the South Half of the West Half of Section 7, Township 6 North, Range 9 West, containing 76.00 acres, more or less, as well as the West Half of the East Half of said Section, containing 160.00 acres, more or less, containing a total of 226.00 acres.
 - b) Pursuant to application of the Non-Rule Policy, placing additional wells on the North Half of the West Half of Section 7, Township 6 North, Range 9 West, and on the East Half of the East Half of said Section 7, would be impractical and uneconomical due to the shortened length of the location in the first scenario and the narrow width of the location in the second scenario. Accordingly, the correlative rights of the landowners in said areas would not be protected and they would receive no production revenue.
 - c) During drilling and initial testing in and near the Affected Area, commercial quantities of natural gas were encountered within the New Albany Shale;
 - d) Permeability within the New Albany Shale is low and the use of horizontal wells is expected to more economically keep pace with volume requirements at the Affected Area natural gas processing facilities;
 - e) Drilling horizontal wells will enhance gas recovery within the New Albany Shale by cutting across existing fracture patterns within the formation which are often more vertical than horizontal in nature, thereby facilitating the flow of gas from the shale, to the fractures, to the well bores;
 - f) Drilling horizontal wells in the manner described herein can effectively and economically recover the natural gas resources within a 454.76 acre drilling unit;
 - g) The proposed exceptions to the General Oil and Gas Well Spacing Rules and General Oil and Gas Well Drilling Unit Size Rules will not result in a loss of resources within the New Albany Shale Formation of the Affected Area. The variances will enhance recovery of the natural gas from the low permeability of the New Albany Shale Formation.
4. Petitioner is ready and willing to supply the Commission or its representatives such further and additional information as may be pertinent or relative to consideration of the above described well spacing and unit size variances within the Affected Area, either at or prior to consideration of this Petition.
5. Petitioner has not attached structure maps hereto, as structure has little impact upon the production of natural gas from the New Albany Shale. The quantity of natural gas recovered will depend instead upon the existing fracture patterns within the formation.

6. Petitioner represents that to the best of its knowledge and belief it would be in the best interests of conservation and the preservation and utilization of petroleum resources to grant the exceptions requested in Sections 2 (a) and 2 (b) above.

Therefore, Petitioner prays that, through an informal hearing, the above described exceptions to 312 IAC 16-5-1 and 312 IAC 16-5-2 be authorized and established, according to any further terms and conditions as the Commission may impose in its Order establishing such unit and spacing.

Respectfully submitted,

NOBLE ENERGY, INC.

By:

Karen J. Anspaugh #18975-49
49 Boone Village, Suite 168
Zionsville, Indiana 46077
ATTORNEY FOR PETITIONER

For Notification:

Noble Energy, Inc.
Attn: Claudia Baesler
1625 Broadway Street, Suite 2200
Denver, Colorado 80202

EXHIBIT "A"
SCHEDULE OF LEASEHOLD INTERESTS
Barker 1-7H Drilling Unit: Section 7, Township 6 North, Range 9 West
Sullivan County, Indiana

Tract	Acres	Last Name	First Name	Address	City	State	Zip Code
001-A	40.000	Knotts	Carl and Eva	1768 West County Road 600 South	Sullivan	Indiana	47882
001-B	27.250	Knotts	Carl and Eva	1768 West County Road 600 South	Sullivan	Indiana	47882
002	28.100	Barker	Norma Jean	1768 West County Road 600 South	Sullivan	Indiana	47882
003	18.800	Barker	James and Norma	6337 South County Road 275 West	Carlisle	Indiana	47838
003.001	21.780	Hayhurst	Lloyd	6112 South County Road 100 West	Carlisle	Indiana	47838
004	45.550	Adams	Stanley	303 North Alexander Street	Carlisle	Indiana	47838
005	46.060	Knotts Farms, Inc.		209 West Harrison	Carlisle	Indiana	47838
006	1.000	Lynch	Clyde and Stanley	7623 South County Road 275 West	Carlisle	Indiana	47838
007	12.890	Barker	Harold	7656 South County Road 275 West	Carlisle	Indiana	47838
007.001	1.150	Barker	Harold	7656 South County Road 275 West	Carlisle	Indiana	47838
008	0.210	Barker	Harold	7656 South County Road 275 West	Carlisle	Indiana	47838
008.001	0.140	Barker	Harold	7656 South County Road 275 West	Carlisle	Indiana	47838
009	1.000	Oakland Church of Christ		712 West County Road 600 South	Carlisle	Indiana	47838
010-A	70.500	Barker	James and Norma	712 West County Road 600 South	Carlisle	Indiana	47838
010-B	29.000	Barker	James and Norma	712 West County Road 600 South	Carlisle	Indiana	47838
010-C	6.470	Barker	James and Norma	712 West County Road 600 South	Carlisle	Indiana	47838
011	63.490	Knotts	Richard and Janice	6532 South County Road 275 West	Carlisle	Indiana	47838
012-A	37.870	Richter	Reinhart and Ruth	1715 West State Road 58	Carlisle	Indiana	47838
012-B	3.500	Richter	Reinhart and Ruth	1715 West State Road 58	Carlisle	Indiana	47838
	454.760	Total Leased Acres					
	454.760	TOTAL ACRES IN DRILLING UNIT					

Exhibit "B"
Map of "Affected Area"
Section 7, Township 6 North, Range 9 West
Haddon Township, Sullivan County, Indiana

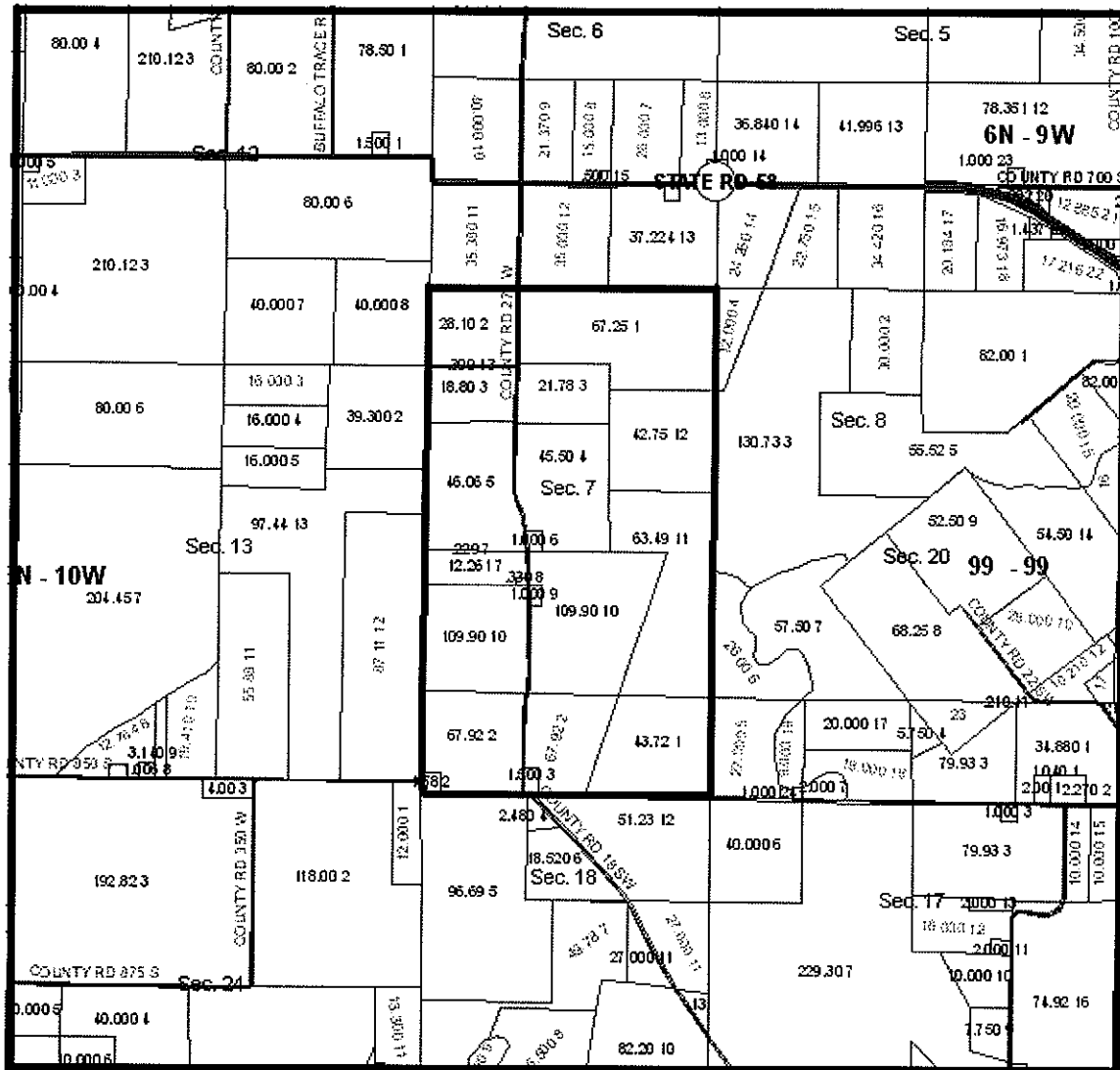


Exhibit "C"
Section 7, Township 6 North, Range 9 West
Haddon Township, Sullivan County, Indiana

